

Service Date: August 6, 1997

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER of the Application)	UTILITY DIVISION
of MDU RESOURCES GROUP, INC.)	DOCKET NO. D97.7.121
for Authorization to Issue up to)	DEFAULT ORDER NO. 5995
\$60,000,000 worth of Common Stock.)	

On July 14, 1997, MDU Resources Group, Inc. ("Company"), filed an application with the Montana Public Service Commission ("Commission") seeking authority to issue up to \$60,000,000 worth of additional shares of Common Stock, par value \$3.33, representing approximately 2,500,000 shares at current market prices, as proposed in the application. The application is filed pursuant to Title 69, Chapter 3, Part 5, MCA.

The application was supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of issuance of securities by electric and gas utility companies operating within Montana. For detailed information with respect to the general character of the Company's business and the territory served by it, reference is made to its annual report on file with the Commission.

At a regular open session of the Montana Public Service Commission, held at its offices on August 4, 1997, there came before the Commission for final action the matters in this Docket, and the Commission, having fully considered the application and data and records pertaining thereto on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS OF FACT

1. The Company is a corporation organized and existing under and by virtue of the laws of the State of Delaware and is qualified to transact business in the State of Montana.

2. The Company is operating as a public utility as defined in §§ 69-3-101 and 69-3-102, MCA, and as such is engaged in furnishing electric and gas service in Montana.

3. The Commission has jurisdiction over the subject matter of said application under Title 69, Chapter 3, Part 5, MCA.

4. The securities proposed to be issued are up to \$60,000,000 worth of additional shares of Common Stock, par value \$3.33, representing approximately 2,500,000 shares at current market prices. The Common Stock would be issued for corporate development purposes to be issued, from time to time, in one or more transactions, within a two-year period from the date of authority granted hereunder.

The Company may issue Common Stock as consideration for the acquisition of assets (e.g., a stock-for-stock transaction) directly to the seller or sellers of the business, or its assets, being acquired by the Company or the Company's subsidiaries in direct arm's length negotiations with such seller(s).

Alternatively, the Company may issue and sell for cash Common Stock in one or more public offerings, the cash proceeds of which would be used for the acquisition of the business and/or its assets by the Company and its subsidiaries, including repaying a portion of outstanding short-term financing incurred in acquiring such business and/or its assets by the Company or its subsidiaries.

5. The Common Stock will in all respects rank equally with the outstanding shares of Common Stock so that the holders thereof will

participate in dividends equally with the holders of the outstanding shares and will have the same voting rights and liquidation rights with the other Common Stockholders of the Company.

6. The issuance of Common Stock is for corporate development purposes: (i) the issuance of Common Stock directly to a seller or sellers of a business and/or its assets as consideration for the acquisition of such business and/or assets by the Company or its subsidiaries, and/or (ii) the issuance and sale of Common Stock in one or more public offerings, the cash proceeds of which would be used for the acquisition of a business and/or its assets by the Company and its subsidiaries, including repaying a portion of outstanding short-term financing incurred for such corporate development purpose or for other general corporate purposes.

7. The transactions proposed by the Company (a) are consistent with the public interest; (b) are for a purpose or purposes permitted under the laws of the State of Montana; (c) are necessary or appropriate for and consistent with the proper performance by the Company of service as a public utility; and (d) will not result in a situation in which the aggregate amount of the securities outstanding and proposed herein to be outstanding will exceed the fair value of the properties and business of the Company.

CONCLUSIONS OF LAW

The securities transactions proposed by the Company, as herein authorized, will be for a lawful purpose and are consistent with the public interest; the same are appropriate and consistent with the necessary performance of the Company of service as a public utility; and the aggregate amount of securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of the Company.

ORDER

IT IS HEREBY ORDERED by the Commission:

1. The application of MDU Resources Group, Inc. for authority to issue up to \$60,000,000 worth of additional shares of Common Stock, par value \$3.33, representing approximately 2,500,000 shares at current market prices, as proposed in the application, is hereby approved and authority is granted. This authority is effective through August 4, 1999. Approval of this filing is based on MDU Resources Group, Inc.'s assurance that the issuance of the Common Stock will not have an adverse effect on the Company nor effect any change in the cost or quality of service to the Company's ratepayers. Also, the Company stated in the filing that the issuance of Common Stock will not impair the Company's ability to perform its public utility service.

2. Neither the issuance of securities by the Company pursuant to the provision of this Order nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any securities authorized, issued, assumed or guaranteed hereunder.

3. The approval of this Order shall not be construed as precedent to prejudice any future action of this Commission.

4. Issuance of this Order does not constitute acceptance of the Company's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

DONE IN OPEN SESSION at Helena, Montana this 4th day of August, 1997, by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY McCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.